

**ARIZONA CORPORATION COMMISSION**  
**UTILITIES DIVISION**

**ANNUAL REPORT MAILING LABEL – MAKE CHANGES AS NECESSARY**

W-02860A  
Naco Water Company L.L.C.  
P.O. Box 85160  
Tucson, AZ 85754

**ANNUAL REPORT**  
**Water**

**FOR YEAR ENDING**

12	31	2010
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FOR COMMISSION USE

ANN 04	10
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3-7-11

## COMPANY INFORMATION

**Company Name (Business Name)** Naco Water Company, LLC

**Mailing Address** P.O. Box 85160

(Street)

Tucson

(City)

AZ

(State)

85754

(Zip)

520-623-5172

Telephone No. (Include Area Code)

520-792-0377

Fax No. (Include Area Code)

Cell No. (Include Area Code)

**Email Address** \_\_\_\_\_

**Local Office Mailing Address** Same as above

(Street)

(City)

(State)

(Zip)

Local Office Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Cell No. (Include Area Code)

**Email Address** \_\_\_\_\_

## MANAGEMENT INFORMATION

☐ **Management Contact:** Southwestern Utility Management, Inc.

(Name)

(Title)

P.O. Box 85160

Tucson

AZ

85754

(Street)

(City)

(State)

(Zip)

520-623-5172

Telephone No. (Include Area Code)

520-792-0377

Fax No. (Include Area Code)

Cell No. (Include Area Code)

**Email Address** \_\_\_\_\_

**On Site Manager:** Jose Martinez

(Name)

P.O. Box 85160

Tucson

AZ

85754

(Street)

(City)

(State)

(Zip)

520-623-5172

Telephone No. (Include Area Code)

520-792-0377

Fax No. (Include Area Code)

Cell No. (Include Area Code)

**Email Address** \_\_\_\_\_

**Statutory Agent:** Martin F. Ryan

(Name)

6262 N. Swan Rd., #290

(Street)

Tucson

(City)

AZ

(State)

85718

(Zip)

520-299-8117

Telephone No. (Include Area Code)

520-299-7860

Fax No. (Include Area Code)

Cell No. (Include Area Code)

**Attorney:** Same as above

(Name)

(Street)

(City)

(State)

(Zip)

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Cell No. (Include Area Code)

**Email Address** \_\_\_\_\_

### **OWNERSHIP INFORMATION**

Check the following box that applies to your company:

- |  |  |
|--|--|
| <input type="checkbox"/> <b>Sole Proprietor (S)</b>    | <input type="checkbox"/> <b>C Corporation (C) (Other than Association/Co-op)</b> |
| <input type="checkbox"/> <b>Partnership (P)</b>        | <input type="checkbox"/> <b>Subchapter S Corporation (Z)</b>                     |
| <input type="checkbox"/> <b>Bankruptcy (B)</b>         | <input type="checkbox"/> <b>Association/Co-op (A)</b>                            |
| <input type="checkbox"/> <b>Receivership (R)</b>       | <input checked="" type="checkbox"/> <b>Limited Liability Company</b>             |
| <input type="checkbox"/> <b>Other (Describe)</b> _____ |  |

### **COUNTIES SERVED**

Check the box below for the county/ies in which you are certificated to provide service:

- |  |  |  |
|--|--|--|
| <input type="checkbox"/> <b>APACHE</b>     | <input checked="" type="checkbox"/> <b>COCHISE</b> | <input type="checkbox"/> <b>COCONINO</b> |
| <input type="checkbox"/> <b>GILA</b>       | <input type="checkbox"/> <b>GRAHAM</b>             | <input type="checkbox"/> <b>GREENLEE</b> |
| <input type="checkbox"/> <b>LA PAZ</b>     | <input type="checkbox"/> <b>MARICOPA</b>           | <input type="checkbox"/> <b>MOHAVE</b>   |
| <input type="checkbox"/> <b>NAVAJO</b>     | <input type="checkbox"/> <b>PIMA</b>               | <input type="checkbox"/> <b>PINAL</b>    |
| <input type="checkbox"/> <b>SANTA CRUZ</b> | <input type="checkbox"/> <b>YAVAPAI</b>            | <input type="checkbox"/> <b>YUMA</b>     |
| <input type="checkbox"/> <b>STATEWIDE</b>  |  |  |

**UTILITY PLANT IN SERVICE**

<b>Acct. No.</b>	<b>DESCRIPTION</b>	<b>Original Cost (OC)</b>	<b>Accumulated Depreciation (AD)</b>	<b>O.C.L.D. (OC less AD)</b>
301	Organization	198	N/A	198
302	Franchises			
303	Land and Land Rights	4345	N/A	4345
304	Structures and Improvements	5918	2408	3510
307	Wells and Springs	97066	38433	58633
311	Pumping Equipment	188859	107686	81173
320	Water Treatment Equipment	1971	944	1027
330	Distribution Reservoirs and Standpipes	139016	56071	82945
331	Transmission and Distribution Mains	872278	194486	677792
333	Services	138166	25207	112959
334	Meters and Meter Installations	44598	23574	21024
335	Hydrants	34717	12355	22362
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment			
340	Office Furniture and Equipment	9202	9098	104
341	Transportation Equipment	20298	2895	17403
343	Tools, Shop and Garage Equipment	140	71	69
344	Laboratory Equipment			
345	Power Operated Equipment	2818	2818	---
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant			
	<b>TOTALS</b>	1559590	476046	1083544

This amount goes on the Balance Sheet Acct. No. 108



**CALCULATION OF DEPRECIATION EXPENSE FOR CURRENT YEAR**

Acct. No.	DESCRIPTION	Original Cost (1)	Depreciation Percentage (2)	Depreciation Expense (1x2)
301	Organization	198	---	---
302	Franchises			
303	Land and Land Rights	4345	---	---
304	Structures and Improvements	5918	3.33	121
307	Wells and Springs	97066	3.33	2020
311	Pumping Equipment	188859	12.5	11596
320	Water Treatment Equipment	1971	3.33	35
330	Distribution Reservoirs and Standpipes	139016	2.22	1883
331	Transmission and Distribution Mains	872278	2.00	13832
333	Services	138166	3.33	3891
334	Meters and Meter Installations	44598	8.33	1910
335	Hydrants	34717	2.00	456
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment			
340	Office Furniture and Equipment	9202	6.67	7
341	Transportation Equipment	20298	5.00	916
343	Tools, Shop and Garage Equipment	140	5.00	4
344	Laboratory Equipment			
345	Power Operated Equipment	2818	5.00	---
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant			
	<b>TOTALS</b>	1559590		36671

This amount goes on the Comparative Statement of Income and Expense \_\_\_\_\_  
 Acct. No. 403.

Less: Amortization of Contributions in Aid of Construction

( 1088 )  
 35583

Depreciation for 2010 is calculated on O.C.L.D.  
 See Accountants' Reports

**BALANCE SHEET**

Acct No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	<b>ASSETS</b>		
	<b>CURRENT AND ACCRUED ASSETS</b>		
131	Cash	12134	5116
134	Working Funds	152350	152055
135	Temporary Cash Investments		
141	Customer Accounts Receivable	82831	91226
146	Notes/Receivables from Associated Companies		
151	Plant Material and Supplies		
162	Prepayments		
174	Miscellaneous Current and Accrued Assets		2414
	<b>TOTAL CURRENT AND ACCRUED ASSETS</b>	247315	250811
	<b>FIXED ASSETS</b>		
101	Utility Plant in Service	1555983	1559590
103	Property Held for Future Use	690155	689026
105	Construction Work in Progress		
108	Accumulated Depreciation – Utility Plant	(439375)	(476046)
121	Non-Utility Property		
122	Accumulated Depreciation – Non Utility		
	<b>TOTAL FIXED ASSETS</b>	1806763	1772570
	<b>TOTAL ASSETS</b>	2054078	2023381

**NOTE:** The Assets on this page should be equal to **Total Liabilities and Capital** on the following page.

**BALANCE SHEET (CONTINUED)**

Acct. No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	<b>LIABILITIES</b>		
	<b>CURRENT LIABILITES</b>		
231	Accounts Payable	84780	85023
232	Notes Payable (Current Portion)		
234	Notes/Accounts Payable to Associated Companies		
235	Customer Deposits	15955	17517
236	Accrued Taxes	1187	3472
237	Accrued Interest		
241	Miscellaneous Current and Accrued Liabilities	19882	19000
	<b>TOTAL CURRENT LIABILITIES</b>	121804	125012
	<b>LONG-TERM DEBT (Over 12 Months)</b>		
224	Long-Term Notes and Bonds	1449504	1383673
	<b>DEFERRED CREDITS</b>		
251	Unamortized Premium on Debt		
252	Advances in Aid of Construction	2500	2500
255	Accumulated Deferred Investment Tax Credits		
271	Contributions in Aid of Construction	40133	40133
272	Less: Amortization of Contributions	(18377)	(19465)
281	Accumulated Deferred Income Tax		
	<b>TOTAL DEFERRED CREDITS</b>	24256	23168
	<b>TOTAL LIABILITIES</b>	1595564	1531853
	<b>CAPITAL ACCOUNTS</b>		
201	Common Stock Issued		
211	Paid in Capital in Excess of Par Value		
215	Retained Earnings		
218	Proprietary Capital (Sole Props and Partnerships)	458514	491528
	<b>TOTAL CAPITAL</b>	458514	491528
	<b>TOTAL LIABILITIES AND CAPITAL</b>	2054078	2023381

**COMPARATIVE STATEMENT OF INCOME AND EXPENSE**

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	307945	260939
460	Unmetered Water Revenue		
474	Other Water Revenues		
	<b>TOTAL REVENUES</b>	1140	5490
		309085	266429
	<b>OPERATING EXPENSES</b>		
601	Salaries and Wages	18334	18616
610	Purchased Water		
615	Purchased Power	11198	10610
618	Chemicals	1500	1132
620	Repairs and Maintenance	2853	4629
621	Office Supplies and Expense	7163	6654
630	Outside Services	79791	84069
635	Water Testing	3470	5673
641	Rents	2400	2000
650	Transportation Expenses	10857	7329
657	Insurance – General Liability	5004	2646
659	Insurance - Health and Life	949	1944
666	Regulatory Commission Expense – Rate Case	---	---
675	Miscellaneous Expense	348	---
403	Depreciation Expense	37746	35583
408	Taxes Other Than Income	2704	2741
408.11	Property Taxes	10503	15167
409	Income Tax	---	4205
	<b>TOTAL OPERATING EXPENSES</b>	194820	202998
	<b>OPERATING INCOME/(LOSS)</b>	114265	63431
	<b>OTHER INCOME/(EXPENSE)</b>		
419	Interest and Dividend Income	27	8
421	Non-Utility Income	2662	2960
426	Miscellaneous Non-Utility Expenses		
427	Interest Expense	(36454)	(33385)
	<b>TOTAL OTHER INCOME/(EXPENSE)</b>	(33765)	(30417)
	<b>NET INCOME/(LOSS)</b>	80500	33014



**SUPPLEMENTAL FINANCIAL DATA**  
**Long-Term Debt**

	LOAN #1	LOAN #2	LOAN #3	LOAN #4
Date Issued				
Source of Loan				
ACC Decision No.				
Reason for Loan				
Dollar Amount Issued	\$	\$	\$	\$
Amount Outstanding	\$	\$	\$	\$
Date of Maturity				
Interest Rate	%	%	%	%
Current Year Interest	\$	\$	\$	\$
Current Year Principle	\$	\$	\$	\$

Meter Deposit Balance at Test Year End \$ 5374.85

Meter Deposits Refunded During the Test Year \$ 541.50

<b>COMPANY NAME</b> Naco Water Company, L.L.C.	
<b>Name of System:</b> Well #4	<b>ADEQ Public Water System Number:</b> 02-112

**WATER COMPANY PLANT DESCRIPTION**

**WELLS**

ADWR ID Number*	Pump Horsepower	Pump Yield (gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (inches)	Year Drilled
55-551849	15	85	450	8	4	1995

\* Arizona Department of Water Resources Identification Number

**OTHER WATER SOURCES**

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
7.5	2		

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
20,000	1	2000	1

***Note: If you are filing for more than one system, please provide separate sheets for each system.***

<b>COMPANY NAME</b> Naco Water Company, L.L.C.	
<b>Name of System:</b> Town Ship	<b>ADEQ Public Water System Number:</b> 02-024

**WATER COMPANY PLANT DESCRIPTION**

**WELLS**

ADWR ID Number*	Pump Horsepower	Pump Yield (gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (inches)	Year Drilled
55-575700	15	182	410	10	4	1999
55-562944	10	80	312	8	3	1997

\* Arizona Department of Water Resources Identification Number

**OTHER WATER SOURCES**

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
5	2	18	
15	2		

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
20,000	1	2000	1
50,000	1	5000	1

***Note: If you are filing for more than one system, please provide separate sheets for each system.***

<b>COMPANY NAME</b> Naco Water Company, L.L.C.	
<b>Name of System:</b> Well Site 3	<b>ADEQ Public Water System Number:</b> 02-133

**WATER COMPANY PLANT DESCRIPTION**  
**WELLS**

ADWR ID Number*	Pump Horsepower	Pump Yield (gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (inches)	Year Drilled
55-203321	5	35	312	6	2	2004

\* Arizona Department of Water Resources Identification Number

**OTHER WATER SOURCES**

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
5	1		

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
7000	1	750	1

***Note: If you are filing for more than one system, please provide separate sheets for each system.***

<b>COMPANY NAME</b> Naco Water Company, L.L.C.		
<b>Name of System:</b>	Town Ship	<b>ADEQ Public Water System Number:</b> 02-024

**WATER COMPANY PLANT DESCRIPTION (CONTINUED)**

**MAINS**

Size (in inches)	Material	Length (in feet)
2	PVC/STEEL	1,470
3		
4	PVC	8700
5		
6	PVC	13,240
8	PVC	330
10		
12		

**CUSTOMER METERS**

Size (in inches)	Quantity
5/8 X 3/4	273
3/4	1
1	4
1 1/2	1
2	9
Comp. 3	
Turbo 3	
Comp. 4	
Turbo 4	
Comp. 6	
Turbo 6	

**For the following three items, list the utility owned assets in each category for each system.**

**TREATMENT EQUIPMENT:**

Two Chlorinators

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**STRUCTURES:**

600' of 6' Chain Link Fence

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**OTHER:**

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***Note: If you are filing for more than one system, please provide separate sheets for each system.***

<b>COMPANY NAME</b> Naco Water Company, L.L.C.		
<b>Name of System:</b>	Well 4	<b>ADEQ Public Water System Number:</b> 02-112

**WATER COMPANY PLANT DESCRIPTION (CONTINUED)**

MAINS			CUSTOMER METERS	
Size (in inches)	Material	Length (in feet)	Size (in inches)	Quantity
2	PVC (Airport line)	5,500	5/8 X ¾	72
3			3/4	
4	PVC C-900	5,985	1	1
5			1 1/2	
6			2	
8			Comp. 3	
10			Turbo 3	
12			Comp. 4	
2	PVC SCH 80	1,755	Turbo 4	
1	PVC/STEEL	6,180	Comp. 6	
	(Goar Ranch line)		Turbo 6	

**For the following three items, list the utility owned assets in each category for each system.**

TREATMENT EQUIPMENT:

Four Chlorinators

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STRUCTURES:

1,100' of 6' Chain Link Fence

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OTHER:

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***Note: If you are filing for more than one system, please provide separate sheets for each system.***

COMPANY NAME Naco Water Company, L.L.C.		
Name of System:	Well 3	ADEQ Public Water System Number: 02-133

**WATER COMPANY PLANT DESCRIPTION (CONTINUED)**

MAINS		
Size (in inches)	Material	Length (in feet)
2	PVC/STEEL	790
3	ABS	1,170
4		
5		
6		
8		
10		
12		

CUSTOMER METERS	
Size (in inches)	Quantity
5/8 X 3/4	11
3/4	
1	
1 1/2	
2	
Comp. 3	
Turbo 3	
Comp. 4	
Turbo 4	
Comp. 6	
Turbo 6	

For the following three items, list the utility owned assets in each category for each system.

TREATMENT EQUIPMENT:

Four Chlorinators

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STRUCTURES:

1,100' of 6' Chain Link Fence

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OTHER:

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*Note: If you are filing for more than one system, please provide separate sheets for each system.*

<b>COMPANY NAME:</b> Naco Water Company, L.L.C.		
<b>Name of System:</b>	<b>Well site 4</b>	<b>ADEQ Public Water System Number: 02-112</b>

### **WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2010**

<b>MONTH</b>	<b>NUMBER OF CUSTOMERS</b>	<b>GALLONS SOLD (Thousands)</b>	<b>GALLONS PUMPED (Thousands)</b>	<b>GALLONS PURCHASED (Thousands)</b>
<b>JANUARY</b>	58	195	568	
<b>FEBRUARY</b>	50	327	388	
<b>MARCH</b>	57	232	267	
<b>APRIL</b>	60	217	307	
<b>MAY</b>	57	456	330	
<b>JUNE</b>	60	268	580	
<b>JULY</b>	57	351	488	
<b>AUGUST</b>	58	283	374	
<b>SEPTEMBER</b>	57	247	371	
<b>OCTOBER</b>	58	270	1239	
<b>NOVEMBER</b>	57	285	762	
<b>DECEMBER</b>	58	301	317	
<b>TOTALS →</b>		<b>3432</b>	5991	

What is the level of arsenic for each well on your system? 0.0026 mg/l

*(If more than one well, please list each separately.)*

If system has fire hydrants, what is the fire flow requirement? 500 GPM for 2 hrs

If system has chlorination treatment, does this treatment system chlorinate continuously?

☒ Yes                      ☐ No

Is the Water Utility located in an ADWR Active Management Area (AMA)?

☐ Yes                      ☒ No

Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?

☐ Yes                      ☒ No

If yes, provide the GPCPD amount: \_\_\_\_\_

***Note: If you are filing for more than one system, please provide separate data sheets for each system.***



<b>COMPANY NAME: Naco Water Company, L.L.C.</b>		
<b>Name of System:</b>	<b>Township</b>	<b>ADEQ Public Water System Number: 02-024</b>

### **WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2010**

<b>MONTH</b>	<b>NUMBER OF CUSTOMERS</b>	<b>GALLONS SOLD (Thousands)</b>	<b>GALLONS PUMPED (Thousands)</b>	<b>GALLONS PURCHASED (Thousands)</b>
<b>JANUARY</b>	256	1204	1450	
<b>FEBRUARY</b>	256	1508	1787	
<b>MARCH</b>	257	1279	1474	
<b>APRIL</b>	261	1524	1661	
<b>MAY</b>	256	1424	1589	
<b>JUNE</b>	261	1919	2188	
<b>JULY</b>	261	1637	1816	
<b>AUGUST</b>	261	1795	1947	
<b>SEPTEMBER</b>	257	1329	1412	
<b>OCTOBER</b>	256	1290	1235	
<b>NOVEMBER</b>	253	1395	1525	
<b>DECEMBER</b>	250	1181	1337	
<b>TOTALS →</b>		<b>17485</b>	19421	

What is the level of arsenic for each well on your system? 0.0050 & 0.0058 mg/l  
(If more than one well, please list each separately.)

If system has fire hydrants, what is the fire flow requirement? 500 GPM for 2 hrs

If system has chlorination treatment, does this treatment system chlorinate continuously?  
(x) Yes                      ( ) No

Is the Water Utility located in an ADWR Active Management Area (AMA)?  
( ) Yes                      (x) No

Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?  
( ) Yes                      (x) No

If yes, provide the GPCPD amount: \_\_\_\_\_

***Note: If you are filing for more than one system, please provide separate data sheets for each system.***

<b>COMPANY NAME: Naco Water Company, L.L.C.</b>		
<b>Name of System:</b>	<b>Well Site 3</b>	<b>ADEQ Public Water System Number: 02-133</b>

**WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2010**

<b>MONTH</b>	<b>NUMBER OF CUSTOMERS</b>	<b>GALLONS SOLD (Thousands)</b>	<b>GALLONS PUMPED (Thousands)</b>	<b>GALLONS PURCHASED (Thousands)</b>
<b>JANUARY</b>	11	34	36	
<b>FEBRUARY</b>	11	38	36	
<b>MARCH</b>	11	33	31	
<b>APRIL</b>	11	42	32	
<b>MAY</b>	11	42	42	
<b>JUNE</b>	11	63	64	
<b>JULY</b>	11	52	52	
<b>AUGUST</b>	11	42	51	
<b>SEPTEMBER</b>	11	34	36	
<b>OCTOBER</b>	11	39	40	
<b>NOVEMBER</b>	11	41	43	
<b>DECEMBER</b>	11	35	33	
<b>TOTALS →</b>		<b>495</b>	<b>496</b>	

What is the level of arsenic for each well on your system? \_\_\_\_\_mg/l  
*(If more than one well, please list each separately.)*

If system has fire hydrants, what is the fire flow requirement? \_\_\_\_GPM for\_\_\_\_hrs

If system has chlorination treatment, does this treatment system chlorinate continuously?  
☒ Yes                      ☐ No

Is the Water Utility located in an ADWR Active Management Area (AMA)?  
☐ Yes                      ☒ No

Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?  
☐ Yes                      ☒ No

If yes, provide the GPCPD amount:\_\_\_\_\_

***Note: If you are filing for more than one system, please provide separate data sheets for each system.***

<b>COMPANY NAME: Naco Water Company, L.L.C.</b>	
<b>Name of System:    Township</b>	<b>ADEQ Public Water System Number: 02-024</b>

**UTILITY SHUTOFFS / DISCONNECTS**

MONTH	Termination without Notice R14-2-410.B	Termination with Notice R14-2-410.C	OTHER
JANUARY		23	
FEBRUARY		32	
MARCH		29	
APRIL		20	
MAY		25	
JUNE		32	
JULY		33	
AUGUST		28	
SEPTEMBER		22	
OCTOBER		19	
NOVEMBER		13	
DECEMBER		19	
TOTALS →	0	295	

OTHER (description):

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<b>COMPANY NAME: Naco Water Company, L.L.C.</b>		
<b>Name of System:</b>	<b>Well Site 4</b>	<b>ADEQ Public Water System Number: 02-112</b>

**UTILITY SHUTOFFS / DISCONNECTS**

<b>MONTH</b>	<b>Termination without Notice R14-2-410.B</b>	<b>Termination with Notice R14-2-410.C</b>	<b>OTHER</b>
<b>JANUARY</b>		1	
<b>FEBRUARY</b>		3	
<b>MARCH</b>		1	
<b>APRIL</b>		0	
<b>MAY</b>		0	
<b>JUNE</b>		1	
<b>JULY</b>		2	
<b>AUGUST</b>		0	
<b>SEPTEMBER</b>		0	
<b>OCTOBER</b>		1	
<b>NOVEMBER</b>		1	
<b>DECEMBER</b>		0	
<b>TOTALS →</b>	<b>0</b>	<b>10</b>	

OTHER (description):

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<b>COMPANY NAME: Naco Water Company, L.L.C.</b>		
<b>Name of System:</b>	<b>Well Site 3</b>	<b>ADEQ Public Water System Number: 02-133</b>

**UTILITY SHUTOFFS / DISCONNECTS**

MONTH		Termination without Notice R14-2-410.B	Termination with Notice R14-2-410.C	OTHER
JANUARY				
FEBRUARY				
MARCH				
APRIL				
MAY				
JUNE				
JULY				
AUGUST				
SEPTEMBER				
OCTOBER				
NOVEMBER				
DECEMBER				
TOTALS →		0	0	

OTHER (description):

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**PROPERTY TAXES**

Amount of actual property taxes paid during Calendar Year 2010 was: \$ 15166.65

Attach to this annual report proof (e.g. property tax bills stamped “paid in full” or copies of cancelled checks for property tax payments) of any and all property taxes paid during the calendar year.

If no property taxes paid, explain why. \_\_\_\_\_

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**VERIFICATION  
AND  
SWORN STATEMENT**  
Taxes

**VERIFICATION**

STATE OF ARIZONA  
I, THE UNDERSIGNED  
OF THE

COUNTY OF (COUNTY NAME) <b>PIMA</b>
NAME (OWNER OR OFFICIAL) TITLE <b>BONNIE O'CONNOR, MANAGER</b>
COMPANY NAME <b>NACO WATER COMPANY, LLC</b>

**DO SAY THAT THIS ANNUAL UTILITY PROPERTY TAX AND SALES TAX REPORT TO THE ARIZONA CORPORATION COMMISSION**

**FOR THE YEAR ENDING**

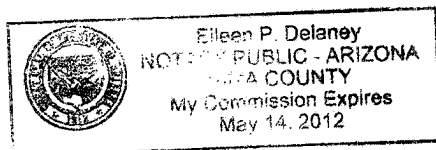
MONTH	DAY	YEAR
12	31	2010

**HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.**

**SWORN STATEMENT**

**I HEREBY ATTEST THAT ALL PROPERTY TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.**

**I HEREBY ATTEST THAT ALL SALES TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.**



SIGNATURE OF OWNER OR OFFICIAL

520-623-5172  
TELEPHONE NUMBER

**SUBSCRIBED AND SWORN TO BEFORE ME**

**A NOTARY PUBLIC IN AND FOR THE COUNTY OF**

**THIS**

4th

**DAY OF**

**(SEAL)**

COUNTY NAME <b>PIMA</b>	
MONTH <b>MARCH</b>	YEAR <b>2011</b>

SIGNATURE OF NOTARY PUBLIC

**MY COMMISSION EXPIRES** May 14, 2012

See Accountants' Reports

COMPANY NAME Naco Water Company, L.L.C.

YEAR ENDING 12/31/2010

### INCOME TAXES

For this reporting period, provide the following:

Federal Taxable Income Reported LLC  
Estimated or Actual Federal Tax Liability \_\_\_\_\_

State Taxable Income Reported LLC  
Estimated or Actual State Tax Liability \_\_\_\_\_

Amount of Grossed-Up Contributions/Advances:

Amount of Contributions/Advances \_\_\_\_\_  
Amount of Gross-Up Tax Collected \_\_\_\_\_  
Total Grossed-Up Contributions/Advances \_\_\_\_\_

Decision No. 55774 states, in part, that the utility will refund any excess gross-up funds collected at the close of the tax year when tax returns are completed. Pursuant to this Decision, if gross-up tax refunds are due to any Payer or if any gross-up tax refunds have already been made, attach the following information by Payer: name and amount of contribution/advance, the amount of gross-up tax collected, the amount of refund due to each Payer, and the date the Utility expects to make or has made the refund to the Payer.

### **CERTIFICATION**

The undersigned hereby certifies that the Utility has refunded to Payers all gross-up tax refunds reported in the prior year's annual report. This certification is to be signed by the President or Chief Executive Officer, if a corporation; the managing general partner, if a partnership; the managing member, if a limited liability company or the sole proprietor, if a sole proprietorship.

  
SIGNATURE

3/3/11  
DATE

Bonnie O'Connor  
PRINTED NAME

Manager  
TITLE



**VERIFICATION  
AND  
SWORN STATEMENT  
Intrastate Revenues Only**

**VERIFICATION**

**STATE OF ARIZONA**

**I, THE UNDERSIGNED**

**OF THE**

COUNTY OF (COUNTY NAME) <b>PIMA</b>
NAME (OWNER OR OFFICIAL) TITLE <b>BONNIE O'CONNOR, MANAGER</b>
COMPANY NAME <b>NACO WATER COMPANY, LLC</b>

**DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION**

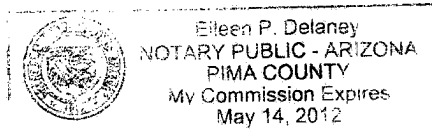
**FOR THE YEAR ENDING**

MONTH	DAY	YEAR
<b>12</b>	<b>31</b>	<b>2010</b>

**HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.**

**SWORN STATEMENT**

**IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2010 WAS:**




**Arizona Intrastate Gross Operating Revenues Only (\$)**

**\$ 284432**

**(THE AMOUNT IN BOX ABOVE  
INCLUDES \$ 18003  
IN SALES TAXES BILLED, OR COLLECTED)**

**\*\*REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED OR COLLECTED. IF FOR ANY OTHER REASON, THE REVENUE REPORTED ABOVE DOES NOT AGREE WITH TOTAL OPERATING REVENUES ELSEWHERE REPORTED, ATTACH THOSE STATEMENTS THAT RECONCILE THE DIFFERENCE. (EXPLAIN IN DETAIL)**

  
SIGNATURE OF OWNER OR OFFICIAL  
**520-623-5772**  
TELEPHONE NUMBER

**SUBSCRIBED AND SWORN TO BEFORE ME**


**A NOTARY PUBLIC IN AND FOR THE COUNTY OF**

**THIS**

**4th**

**DAY OF**

**(SEAL)**

COUNTY NAME <b>PIMA</b>	
MONTH <b>MARCH</b>	YEAR <b>2011</b>
 SIGNATURE OF NOTARY PUBLIC	

**MY COMMISSION EXPIRES May 14, 2012**

**See Accountants' Reports**

**VERIFICATION  
AND  
SWORN STATEMENT  
RESIDENTIAL REVENUE  
Intrastate Revenues Only**

**VERIFICATION**

**STATE OF ARIZONA**

**I, THE UNDERSIGNED**

**OF THE**

COUNTY OF (COUNTY NAME) <b>PIMA</b>
NAME (OWNER OR OFFICIAL) TITLE <b>BONNIE O'CONNOR, MANAGER</b>
COMPANY NAME <b>NACO WATER COMPANY, LLC</b>

**DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION**

**FOR THE YEAR ENDING**

<b>MONTH</b>	<b>DAY</b>	<b>YEAR</b>
<b>12</b>	<b>31</b>	<b>2010</b>

**HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.**

**SWORN STATEMENT**

**IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2010 WAS:**

**ARIZONA INTRASTATE GROSS OPERATING REVENUES**

**\$ 240388**

**THE AMOUNT IN BOX AT LEFT**

**INCLUDES \$ 14078**

**IN SALES TAXES BILLED, OR COLLECTED)**

**\*RESIDENTIAL REVENUE REPORTED ON THIS PAGE  
MUST INCLUDE SALES TAXES BILLED.**

  
SIGNATURE OF OWNER OR OFFICIAL

520-623-5772  
TELEPHONE NUMBER

**SUBSCRIBED AND SWORN TO BEFORE ME**

**A NOTARY PUBLIC IN AND FOR THE COUNTY OF**

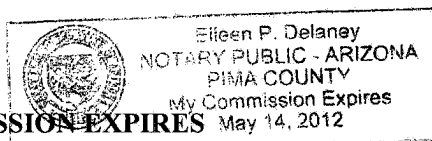
**THIS**

4th

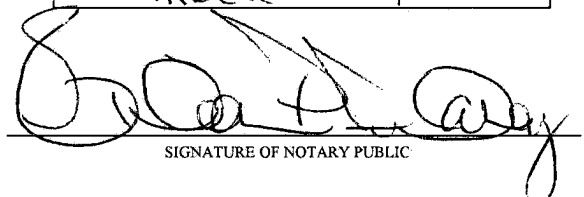
**DAY OF**

**(SEAL)**

**MY COMMISSION EXPIRES**



NOTARY PUBLIC NAME <b>Eileen P. Delaney</b>	
COUNTY NAME <b>PIMA</b>	
MONTH <b>MARCH</b>	20 <u>11</u>

  
SIGNATURE OF NOTARY PUBLIC

2010 91802373 2 00000043942000000219736

Marsha Bonham  
Cochise County Treasurer  
PO Box 1778  
Bisbee AZ 85603-2778



029180237300200000219736

If your mortgage company makes your property tax payments consider this notice as a courtesy copy for your records only.

Due March 1, 2011  
Parcel Number: 918-02-373 2 Roll Number: 0121988  
Frequency Date: Second Half Payment  
Monthly for late payment is 16% per year  
Interest for payments postmarked after 5:00 PM, May 2, 2011 (ARS 42-18052 and ARS 42-18053)

2,197.36

Marsha Bonham  
Cochise County Treasurer  
PO Box 1778  
Bisbee AZ 85603-2778

2

Payment in U.S. FUNDS ONLY

Make check payable to:

DETACH AND RETURN WITH PAYMENT

# 2010 PROPERTY TAX NOTICE

ARIZONA

PARCEL #	AREA CODE	PRIMARY TAX RATE PER \$100 ASSESSED VALUE	SECONDARY TAX RATE PER \$100 ASSESSED VALUE	IRRIGATION DISTRICT \$ PER ACRE			
918-02-373 2	2373	7.8896	2.9176				
	VALUE IN DOLLARS	ASSESSED VALUE	EXEMPTIONS	TAX RATE	TAX	PRIMARY PROPERTY TAX	3,378.24
LIMITED LAND, BLDGS, ETC	500	21.0	206	0	7.8896	LESS STATE AID TO EDUCATION	0.00
LIMITED PERSONAL PROPERTY	202,817	21.0	42,813	0	7.8896	NET PRIMARY PROPERTY TAX	3,378.24
LIMITED TOTALS	203,897		42,819	0		SECONDARY PROPERTY TAX	1,016.48
FULL CASH LAND	500	21.0	206	0	2.9176	SPECIAL DISTRICT TAX	0.00
FULL CASH BLDINGS, ETC	0	0.0	0	0	0.0000	TOTAL TAX DUE FOR 2010	4,394.72
FULL CASH PERSONAL PROPERTY	202,817	21.0	42,813	0	2.3713		
FULL CASH TOTALS	203,897		42,819	0			

JURISDICTION	2009 TAXES	2010 TAXES
02000 COCHISE COUNTY	990.62	1,125.11
02001 STATE SCHOOL TAX EQU	123.94	152.60
05023 NACO SD #23	1,909.22	1,418.11
08150 COCHISE COUNTY JUNIO	802.62	684.42
11203 NACO FD	967.13	774.12
11900 FIRE DISTRICT ASSIST	32.72	33.87
12006 NACO SLID	72.32	145.24
14900 COCHISE COUNTY LIBRA	54.39	62.13
15000 COCHISE COUNTY FCD #	0.99	0.53
21301 NACO SANITARY DISTRI	2.35	0.59

paid 9-29  
entered 9-29

918-02-373 2

0055607 02 AT 0.479 \*\*AUTO H9 0 0786 85754-516000

PAGE 0004 OF 0004 00005568



NACO WATER CO  
C/O BONNIE O'CONNOR  
P.O. BOX 85160  
TUCSON AZ 85754-5160

## PAYMENT INSTRUCTIONS

To pay the 1st half installment and full year tax notices of \$100 or less, send the 1st half coupon with your payment postmarked no later than Nov. 1, 2010. To pay the 2nd half installment, send the 2nd half coupon with your payment postmarked no later than May 2, 2011. To pay taxes for the full year if the entire amount billed per notice exceeds \$100, send the 1st half coupon with your payment postmarked no later than Jan. 3, 2011 and no interest will be charged for current year.

Make your check payable to and mail to:  
Marsha Bonham  
Cochise County Treasurer  
PO Box 1778  
Bisbee AZ 85603-2778

THERE WILL BE A CHARGE FOR EACH RETURNED CHECK AND YOUR TAXES WILL REVERT TO AN UNPAID STATUS.

PLEASE INCLUDE YOUR  
PARCEL NUMBER  
ON YOUR CHECK.

THERE WILL BE A CHARGE FOR EACH RETURNED CHECK  
AND YOUR TAXES WILL REVERT TO AN UNPAID STATUS.

2010 9180027103 2 0000054637000000293185

Marsha Bonham  
Cochise County Treasurer  
PO Box 1778  
Bisbee AZ 85603-2778



029180027100300000293185

If your mortgage company makes your property  
tax payments consider this notice as a courtesy  
copy for your records only.



2,931.85

Marsha Bonham  
Cochise County Treasurer  
PO Box 1778  
Bisbee AZ 85603-2778

2

Parcel Number: 918-00-271 3 Roll Number: 0121987  
NACO WATER CO  
Due March 1, 2011

Payment in U.S. FUNDS ONLY

Make check payable to:

DETACH AND RETURN WITH PAYMENT

# 2010 PROPERTY TAX NOTICE

ARIZONA

PARCEL #	AREA CODE	PRIMARY TAX RATE PER \$100 ASSESSED VALUE	SECONDARY TAX RATE PER \$100 ASSESSED VALUE	IRRIGATION DISTRICT \$ PER ACRE	PRIMARY PROPERTY TAX	
918-00-271 3	0271	8.8265	2.7765		4,562.68	
LIMITED LAND, BLDGS, ETC	0	21.0	0	8.8265	0.00	
LIMITED PERSONAL PROPERTY	248,188	21.0	81,693	8.8265	4,562.68	
LIMITED TOTALS	248,188		81,693		4,562.68	
FULL CASH LAND	0	21.0	0	2.7765	0.00	
FULL CASH BUILDINGS, ETC	0	0.0	0	0.0000	0.00	
FULL CASH PERSONAL PROPERTY	248,188	21.0	81,693	2.5168	1,301.02	
FULL CASH TOTALS	248,188		81,693		1,301.02	
					<b>TOTAL TAX DUE FOR 2010</b>	<b>5,863.70</b>

JURISDICTION	2009 TAXES	2010 TAXES
02000 COCHISE COUNTY	1,205.12	1,358.29
02001 STATE SCHOOL TAX EQU	150.77	184.23
07002 BISBEE SD #2	1,932.02	2,444.46
08150 COCHISE COUNTY JUNIO	733.10	826.26
11203 NACO FD	1,176.51	934.56
11900 FIRE DISTRICT ASSIST	39.81	40.89
14900 COCHISE COUNTY LIBRA	66.18	75.01
15000 COCHISE COUNTY FCD #	0.21	0.00

Marsha Bonham  
Cochise County Treasurer  
PO Box 1778  
Bisbee AZ 85603-2778

THIS IS A  
CALENDAR YEAR  
TAX NOTICE

TOTALS 5,303.72 5,863.70

918-00-271 3

0055607 02 AT 0.479 \*\*AUTO\*\* H9 0 0796 85754-516060

PAGE 0002 OF 0004 00065506



NACO WATER CO  
C/O BONNIE O'CONNOR  
P.O. BOX 85180  
TUCSON AZ 85754-5180

## PAYMENT INSTRUCTIONS

To pay the 1st half installment and full year tax notices of \$100 or less, send the 1st half coupon with your payment postmarked no later than Nov. 1, 2010. To pay the 2nd half installment, send the 2nd half coupon with your payment postmarked no later than May 2, 2011. To pay taxes for the full year if the entire amount billed per notice exceeds \$100, send the 1st half coupon with your payment postmarked no later than Jan. 3, 2011 and no interest will be charged for current year.

Make your check payable to and mail to:  
Marsha Bonham  
Cochise County Treasurer  
PO Box 1778  
Bisbee AZ 85603-2778

PLEASE INCLUDE YOUR  
PARCEL NUMBER  
ON YOUR CHECK.

THERE WILL BE A CHARGE FOR EACH RETURNED CHECK  
AND YOUR TAXES WILL REVERT TO AN UNPAID STATUS.

269440000000493840000000 2 000237003 2010 9180237003

Marsha Bonham  
Cochise County Treasurer  
PO Box 1778  
Bisbee AZ 85603-2778



0291802370003000000044892



If your mortgage company makes your property tax payments consider this notice as a courtesy copy for your records only.

446.92

Marsha Bonham  
Cochise County Treasurer  
PO Box 1778  
Bisbee AZ 85603-2778

2

Parcel Number: 918-02-370 3 Roll Number: 0121988  
NACO WATER CO  
Due March 1, 2011

Payment in U.S. FUNDS ONLY

Make check payable to:

DETACH AND RETURN WITH PAYMENT

# 2010 PROPERTY TAX NOTICE

ARIZONA

PARCEL #	AREA CODE	PRIMARY TAX RATE PER \$100 ASSESSED VALUE	SECONDARY TAX RATE PER \$100 ASSESSED VALUE	IRRIGATION DISTRICT \$ PER ACRE	PRIMARY PROPERTY TAX	
918-02-370 3	2370	7.8896	2.2918		710.72	
	VALUE IN DOLLARS	ASSESSED VALUE	EXEMPTIONS	TAX RATE	TAX	
LIMITED LAND, BLDGS, ETC	133	21.0	28	0	7.8896	2.23
LIMITED PERSONAL PROPERTY	42,782	21.0	8,980	0	7.8896	706.48
LIMITED TOTALS	42,895		8,008	0		710.72
FULL CASH LAND	133	21.0	28	0	2.2918	0.64
FULL CASH BLDINGS, ETC	0	0.0	0	0	0.0000	0.00
FULL CASH PERSONAL PROPERTY	42,782	21.0	8,980	0	2.0321	183.48
FULL CASH TOTALS	42,895		8,008	0		183.12
					<b>TOTAL TAX DUE FOR 2010</b>	<b>893.84</b>

JURISDICTION	2009 TAXES	2010 TAXES
02000 COCHISE COUNTY	181.95	238.71
02001 STATE SCHOOL TAX EQU	20.28	32.10
05023 NACO SD #23	312.15	297.92
08150 COCHISE COUNTY JUNIO	98.52	143.99
11203 NACO FD	158.13	182.86
11900 FIRE DISTRICT ASSIST	5.35	7.12
14900 COCHISE COUNTY LIBRA	8.89	13.07
15000 COCHISE COUNTY FCD #	0.53	0.07

TOTALS 765.78 893.84

918-02-370 3  
0055807 02 AT 0.479 \*\*AUTO H9 0 0786 85754-51600



NACO WATER CO  
C/O BONNIE O'CONNOR  
P.O. BOX 85160  
TUCSON AZ 85754-5160

PAGE 0003 OF 0004 00005567

## PAYMENT INSTRUCTIONS

To pay the 1st half installment and full year tax notices of \$100 or less, send the 1st half coupon with your payment postmarked no later than Nov. 1, 2010. To pay the 2nd half installment, send the 2nd half coupon with your payment postmarked no later than May 2, 2011. To pay taxes for the full year if the entire amount billed per notice exceeds \$100, send the 1st half coupon with your payment postmarked no later than Jan. 3, 2011 and no interest will be charged for current year.

Make your check payable to and mail to:  
Marsha Bonham  
Cochise County Treasurer  
PO Box 1778  
Bisbee AZ 85603-2778

PLEASE INCLUDE YOUR  
PARCEL NUMBER  
ON YOUR CHECK.

THERE WILL BE A CHARGE FOR EACH RETURNED CHECK  
AND YOUR TAXES WILL REVERT TO AN UNPAID STATUS.

HOLM, HESTAND & VALENZUELA, CPAs, P.C.  
CERTIFIED PUBLIC ACCOUNTANTS  
3131 NORTH COUNTRY CLUB ROAD, SUITE 109  
TUCSON, ARIZONA 85716

DOUGLAS R. HOLM, CPA  
EMMA K. HESTAND, CPA  
JANETTE G. VALENZUELA, CPA

TELEPHONE: (520) 326-8483  
FAX: (520) 795-5191  
E-MAIL: HHVCPA@EARTHLINK.NET

To the Board of Directors  
Naco Water Company, LLC  
Tucson, AZ 85745

We have compiled the balance sheets of Naco Water Company, LLC, as of December 31, 2010 and 2009 and the related statements of income and expense for the years then ended included in the accompanying prescribed form. We have also compiled the supplementary information presented in the prescribed form. We have not audited or reviewed the accompanying financial statements and supplementary information, and, accordingly, do not express an opinion or provide any assurance about whether the financial statements and supplementary information are in accordance with the form prescribed by the Arizona Corporation Commission--Utilities Division.

Management is responsible for the preparation and fair presentation of the financial statements and supplementary information in accordance with requirements prescribed by the Arizona Corporation Commission--Utilities Division and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements and supplementary information.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements and supplementary information.

These financial statements (including related disclosures) and the supplementary information are presented in accordance with the requirements of the Arizona Corporation Commission--Utilities Division, which differ from accounting principles generally accepted in the United States of America. This report is intended solely for the information and use of the Arizona Corporation Commission--Utilities Division and is not intended to be and should not be used by anyone other than this specified party.

*Holm, Hestand, Valenzuela CPAs P.C.*

February 12, 2011